

12 August 2026

Global Markets Research

Daily Market Highlights

12 Aug: All eyes on US CPI today

Muted trading ahead of US CPI, given the uncertain geopolitical landscape

RBA maintained cash rate at 4.35%; no change in our hold view for 2026

Softer IPI growth for Malaysia due to mining; stronger growth for manufacturing

- US stocks posted back-to-back losses, with many investors awaiting today's key inflation report and its potential implications on the Fed funds rate, while the standoff between the US-Iran and jittery over AI valuation also weighed on sentiment.
- The tech-heavy Nasdaq tumbled 0.6% d/d, while the S&P 500 and Dow lost 0.3% d/d each. Losses were broad-based, with the exception of industrials, utilities and energy stocks, the latter tracking the higher crude oil prices overnight (WTI: 1.3% to \$83.20/barrel, Brent: 1.4% d/d to \$88.91/barrel).
- Stoxx Eur 600, meanwhile, closed little change with traders awaiting for more developments on the geopolitical front, while in Asia, major equity bourses closed mixed. Nikkei 225 rallied 2.1% d/d, while Hang Seng and CSI 300 tumbled 0.8-1.1% d/d. Asian stocks are poised for a muted trading day with traders likely to hold back riskier bets ahead of the upcoming US CPI tonight and given the uncertain geopolitical landscape.
- In the bond space, treasury yields were down 1-3bps across the curve ahead of the CPI print, and the benchmark 2Y- and 10Y yields ended the day at 4.21% (-3bps) and 4.69% (-2bps). Trading in European sovereign bond yields was equally muted, and the 10Y bond yields fell 1-3bps.
- The DXY steadied and closed just above its flatline at 99.83, while JPY moved between gains and losses before closing just above its flatline at 159.28. EUR and GBP closed flattish at 1.1542 and 1.3507, while AUD appreciated 0.1% d/d to 0.7062 to end the day. AUD slipped after the RBA kept its policy rates on hold and released its updated forecasts, but later pared its losses after the RBA Governor adopted a hawkish tone during the press conference.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	53,791.85	-0.34
S&P 500	7,728.20	-0.32
NASDAQ	26,445.45	-0.60
Stoxx Eur 600	660.51	0.01
FTSE 100	10,844.19	-0.17
Nikkei 225	66,970.22	2.08
CSI 300	4,663.79	-0.81
Hang Seng	25,652.82	-1.10
Straits Times	5,754.17	0.98
KLCI 30	1,731.46	-0.23
FX		
Dollar Index	99.83	0.02
EUR/USD	1.1542	-0.01
GBP/USD	1.3507	0.00
USD/JPY	159.28	-0.01
AUD/USD	0.7062	0.10
USD/CNH	6.7465	0.01
USD/MYR	4.0920	0.02
USD/SGD	1.2797	-0.05
USD/KHR	4,049.50	-0.08
USD/THB	33.16	0.50
Commodities		
WTI (\$/bbl)	83.20	1.30
Brent (\$/bbl)	88.91	1.36
Gold (\$/oz)	4,383.00	0.49
Copper (\$/MT)	14,156.50	-0.02
Aluminum (\$/MT)	3,364.00	1.40
CPO (RM/MT)	4,562.00	0.37

Source: Bloomberg, HL Bank

- On the regional front, SGD (0.1% d/d to 1.2797) outperformed its Asian FX peers after Singapore upgraded its final 2Q GDP print and 2026 growth forecast, while MYR closed flattish at 4.0920 after Malaysia's IPI growth decelerated more than expected.

RBA maintained cash rate at 4.35%

- As expected, the Reserve Bank of Australia (RBA) decided to leave the cash rate target unchanged at 4.35%. The decision was unanimous and released quarterly forecasts assume rates to remain around this level for the rest of 2026. At the same time, the RBA lowered its inflation forecasts, but expects trimmed mean inflation to remain above 3% until mid-2027, before easing to 2.5% by early-2028.
- While Governor Michele Bullock repeatedly flagged upside risks to inflation during her presser, RBA's stance that the current policy rate is somewhat restrictive, the central bank's expectation of softer growth and higher unemployment rate ahead reaffirms our view that the cash rate will likely be left unchanged at the current level for the rest of 2026.
- On the data front, the NAB business confidence index held steady at -6 in July after three months of gains, while the business conditions index rose 1ppts to +4 supported by modest improvements in profitability and employment. The latest prints suggest that business conditions have stabilised, although forward orders and confidence continue to suggest a more cautious outlook for businesses ahead.

Sharper drop for US existing home sales; improved small business optimism

- Higher mortgage rates continue to constrain housing demand, sending existing home sales falling at a wider pace than expected at -1.7% m/m to 4.06m in July (prior: -1.4% m/m). The supply landscape was unchanged, with available housing able to meet 4.6 months of supply, while median existing home prices continued to post small gains of 2.0% y/y to \$434.1k (prior: 1.8% m/m).
- The NFIB Small Business Optimism Index increased more than expected by 2.4ppts to 99.8 in July. This marks its highest reading since August 2025, with a significant increase in owners expecting to hire, accompanied by an improvement in plans to ramp up capital expenditures. Despite elevated uncertainty, small business owners anticipate that business conditions will continue to improve.

Sharper than expected deceleration in IPI growth for Malaysia

- Growth in Malaysia's Industrial Production Index (IPI) eased for the first time since February, moderating more than expected to 6.5% y/y in June following May's robust 8.5% y/y. The deceleration was entirely driven by a sharply softer growth for mining (3.1% y/y vs 19.8% y/y), weighed down by moderated output growth for natural gas (7.4% y/y vs 37.4% y/y), wider contraction in output for crude oil and condensate (-3.3% y/y vs -0.7% y/y), and more than offset stronger growth in manufacturing (7.3% y/y vs 6.6% y/y) and electricity (6.7% y/y vs 4.8% y/y) (Refer to Research Alert "IPI growth eased sharper than expected" dated 11th August).

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DX	98.75-101.25	102.28	100.86	99.42	98.07
EUR/USD	1.13-1.17	1.13	1.14	1.16	1.18
GBP/USD	1.33-1.36	1.29	1.30	1.32	1.33
USD/CHF	0.80-0.83	0.81	0.81	0.80	0.79
USD/JPY	156-161	162	159	155	153
AUD/USD	0.69-0.72	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.60	0.56	0.56	0.57	0.57
USD/CNY	6.73-6.77	6.85	6.78	6.72	6.65
USD/MYR	4.06-4.12	4.15	4.11	4.07	4.03
USD/SGD	1.27-1.30	1.31	1.30	1.28	1.27
USD/THB	33.00-33.50	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
SGD/MYR	3.1944	3.18	3.17	3.17	3.17
EUR/SGD	1.4776	1.47	1.48	1.49	1.50
GBP/SGD	1.7285	1.69	1.69	1.69	1.69
AUD/SGD	0.9036	0.89	0.90	0.91	0.91

Rates, %	Current	3Q26	4Q26	1Q27	2Q27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75
ECB	2.25	2.50	2.50	2.50	2.50
BOE	3.75	3.75	3.75	3.75	3.75
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	1.00	1.00	1.25	1.25	1.25
RBA	4.35	4.35	4.35	4.35	4.35
RBNZ	2.50	2.50	2.50	2.50	2.50
BNM	2.75	2.75	2.75	2.75	2.75

Source: HL Bank

Up Next

Date	Events	
12-Aug	US MBA Mortgage Applications (7 Aug)	-2.9%
	US Core CPI YoY (Jul)	2.60%
13-Aug	JN PPI YoY (Jul)	7.10%



UK GDP QoQ (2Q P)	0.60%
EC Industrial Production SA MoM (Jun)	-0.20%
US Initial Jobless Claims (8 Aug)	199k
US PPI Final Demand YoY (Jul)	5.50%

Source: Bloomberg

General Disclaimer by the Bank

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained in this report does not constitute the provision of investment advice and is not to be regarded as an offer to sell or a solicitation of an offer to buy with respect to the purchase or sale of any of the financial instruments mentioned in this report and/or to participate in any trading strategy. This report will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by HL Bank to be reliable and in good faith, but no warranties or guarantees, representations are made by HL Bank with regard to the accuracy, completeness, correctness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HL Bank or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected in this report may change without notice and the opinions do not necessarily correspond to the opinions of HL Bank. HL Bank does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient in the event that any matter stated in this report, or any opinion, projection, forecast, valuation or estimate in this report, changes or subsequently becomes inaccurate. The information contained in this report may be incomplete, condensed and it may not contain all material information concerning the company or currency referred to in this report.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter nor will any liability be accepted for any loss whatsoever that may arise from any use and/or reliance on this report. HL Bank may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities or currencies mentioned in this report. The past performance of financial instruments is not indicative of future results. The value of and the income that is produced by the financial instruments mentioned in this report may fluctuate so that an investor may get back less than originally invested. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described in this report would yield favorable investment results. Recipients should seek the advice of their independent financial advisor before taking any investment decision based on any recommendations that may be contained in this report. Any recommendation that may be contained in this report does not consider the specific investment objectives, financial situation, suitability and the particular needs of a particular customer. This report is for the information of the addressee only and is not to be taken in substitution for the exercise of judgment by the addressee who should obtain separate independent legal or financial advice.

Past performance does not always indicate future performance or future results. The value of any investment or income from any investment may go up as well as down. All investments involve an element of risk including the potential to lose the entire amount that is invested.

HL Bank may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HL Bank endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HL Bank does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced, copied, duplicated or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HL Bank. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient agrees to be bound by all limitations contained in this report.

This report is being distributed in Singapore by HL Bank (Company registration number S56FC1182L) to Accredited Investors, Expert Investors or Institutional Investors, as defined in the Securities and Futures Act (Chapter 289 of Singapore). HL Bank is an Exempt Financial Adviser, as defined in the Financial Advisers Act (Chapter 110 of Singapore), and regulated by the Monetary Authority of Singapore. HL Bank is a branch of Hong Leong Bank Berhad, a limited liability company incorporated in Malaysia. HL Bank holds a full bank license in Singapore. Hong Leong Bank Berhad is also a member of the Hong Leong Group Malaysia.